

## **REMARKS/ARGUMENTS**

The claims have been amended by rewriting Claims 3 and 4 and adding new Claims 21 and 22. Support for amended Claims 3 and 4 and new Claims 21 and 22 may be found in the specification at page 8, lines 10-25. Claims 1-22 remain in the application. The specification has been amended by amending the title.

Reconsideration of this application is respectfully requested.

### **Allowable Claims**

Applicants acknowledge that the Examiner has found that Claims 12-20 are allowable. Applicants further acknowledge that the Examiner has objected to Claims 5-7, and 10-11 as being dependent upon a rejected base claim but states that these claims would be allowable if rewritten in independent form, including all other limitations of the base claim and any intervening claims. Applicants submit that Claims 5-7 and 10-11 are allowable because the base claim, Claim 1, is allowable for all of the reasons argued below. Moreover, Applicants further submit that dependant Claims 2-4, 8-9, and 21-22 are allowable for all of the reasons argued below with respect to Claim 1.

### **Objection to the Specification:**

The Examiner has objected to the title of the specification as not descriptive and has required a new title that is clearly indicative of the invention to which the claims are directed. Applicants have amended the title above, thereby rendering moot the Examiner's objection to the title.

### **Rejection of the Claims**

The Examiner has rejected Claims 1-4, and 8-9 under 35 U.S.C. § 103(a) as being unpatentable over Freeman (USPN 6,450,407) in view of Teicher (USPN 6,257,486). Applicants traverse these rejections.

To establish a *prima facie* case of obviousness under 35 U.S.C. §103 based upon the combined teaching of two or more references, three criteria must be met. First there must be some suggestion or motivation to combine the reference teachings. Second there must be a reasonable expectation of success, and finally, the references when combined must teach or suggest all of the claim limitations. *See* M.P.E.P. §2143. Applicants respectfully submit that the combined teachings of Freeman and Teicher do not render pending Claims 1-4 and 8-9 obvious because the combined teachings fail to teach or suggest all of the claim limitations.

Specifically with respect to Claim 1, Applicants submit the both Freeman and Teicher fail to teach or suggest the limitations recited in Claim 1 of “*checking the identification code against a list stored locally at the card acceptance location, wherein the list is received from a second device*” and “*if the identification code of the smart card is listed on the list, performing an action on the smart card.*” The Examiner conceded that Freeman fails to disclose these limitations but contends that Teicher discloses both limitations in Figs. 11 and 12 and col. 14, lines 19-64. Applicants respectfully disagree.

Applicants submit that Teicher teaches a system that includes a smart card 1100 with an “authentication module” 1105 having a keypad 1104 and an authentication unit 1110. The system further includes a reader 1200. (Fig. 11). The keypad 1104 on the smart card allows a user to enter a PIN, and the authentication unit 1110 within the smart card verifies that the PIN is correct. “*The reader merely supplies electrical power for the smart card to take the PIN entry and perform the authentication.*” (Abstract, emphasis added). Teicher further states that by providing a keypad for user authentication on the smart card itself, user authentication can be performed in a secure environment free from potential tampering. (Col. 14, lines 7-11). Normally the smart card authentication module 1105 is in a disabled state, which “eliminates the risk of a pre-authorization remaining active in the smart card.” (Col. 14, lines 42-47). When the user wishes to use the smart card, she must present it to the reader, and it is only upon presentation to the reader that the authentication module becomes enabled to perform an authentication. (Col. 14, lines 49-55). Finally, upon removing the smart card from the reader, the authentication module 1105 is again disabled. (Col. 14, lines 60-62).

Accordingly, Teicher fails to teach the limitation recited in Claim 1 of “*checking the identification code against a list stored locally at the card acceptance location, wherein the list is received from a second device.*” First, there is no *second device* disclosed in Teicher from

which the card acceptance location (i.e. the reader in Teicher) would receive a list. The system in Teicher, which is illustrated in Fig. 11, includes only the reader 1200 and the smart card 1100. Second, Applicants submit that there is no list stored locally at the reader against which an identification code (i.e., the PIN in Teicher) may be checked. As stated earlier, Teicher discloses that the PIN associated with the user of the smart card is entered directly into the smart card itself, thus enabling the smart card to perform self-authentication, so that the smart card and reader may exchange data. (Col. 14, lines 49-60). In the language of Teicher, “the reader merely supplies electrical power for the smart card to take the PIN entry and perform the authentication, *but does not handle the PIN itself in any way.*” (Abstract, emphasis added).

Teicher also fails to teach or suggest the limitation of “*if the identification code of the smart card is listed on the list, performing an action on the smart card.*” Again, Teicher teaches that the PIN is not compared to a list stored locally at the reader but entered directly into the smart card, and the reader does not handle the PIN in any way. Accordingly, the performance of any action on the smart card could not be subject to the PIN being found on a list.

For all of the above reasons, either Freeman or Teicher alone or in combination do not render Claim 1 obvious. Therefore, Applicants submit that Claim 1 is in a condition for allowance. Moreover, Claims 1-11, 21 and 22 that depend either directly or indirectly from Claim 1 are likewise in a condition for allowance.

In further regard to Claim 2, the Examiner concedes that Freeman does not disclose the limitation recited in Claim 2 of “*wherein the action is selected from a group consisting of disabling the smart card, enabling the smart card.*” However, the Examiner contends that Teicher discloses this limitation. Applicants disagree. In accordance with Claim 2 of the present invention, the disabling or enabling of the smart card is performed “*if the identification code of the smart card is listed on the list.*” As argued earlier, neither Freeman nor Teicher discloses a list stored locally at a card acceptance location against which an identification code can be checked. Moreover, the language in Teicher cited by the Examiner (i.e., Fig. 12, col. 14, lines 39-64) teaches the authentication module of the smart card being enabled and disabled. In accordance with this language, these two states of the authentication module are not a function of the PIN being on a list stored in the reader. Instead “the smart card authentication module normally remains disabled and is enabled while the smart card is presented to the reader.” (Col.

. 14, lines 62-64). Therefore, for these additional reasons, Applicants submit that Claim 2 is in a condition for allowance.

In further regard to amended Claims 3 and 4 and new Claims 21 and 22, the Examiner states that Teicher discloses in Col. 14, lines 39-64 every limitation recited in Claims 3 and 4 of the present invention. Applicants disagree. Upon a close review of the language in Teicher cited by the Examiner, Applicants were unable to find any references to the smart card having status data, as recited in amended Claims 3 and 4. Thus, Applicants invite the Examiner to set forth that specific language in Teicher that discloses the limitation in Claims 3 and 4 of “*the smart card has status data.*” Moreover, even though Teicher discloses the authentication module of the smart card being in an enabled state or a disabled state, Teicher does not disclose specifically how this is accomplished, including the means recited in Claims 3 and 4 of changing the status data and either blocking or unblocking an area of memory located within the smart card. Likewise, in regard to new Claims 21 and 22, Teicher fails to disclose the smart card having a status bit. Therefore, for these additional reasons, Applicants submit that amended Claims 3 and 4 and new Claims 21 and 22 are in a condition for allowance.

The Applicants note the art cited, but not relied upon by the Examiner.

No amendment made was related to the statutory requirements of patentability unless expressly stated herein. No amendment made was for the purpose of narrowing the scope of any claim, unless Applicants have argued herein that such amendment was made to distinguish over a particular reference or combination of references.

The Applicants believe that the subject application, as amended, is in condition for allowance. Such action is earnestly solicited by the Applicants.

In the event that the Examiner deems the present application non-allowable, it is requested that the Examiner telephone the Applicants’ attorney or agent at the number indicated below so that the prosecution of the present case may be advanced by the clarification of any continuing rejection.

Accordingly, this application is believed to be in proper form for allowance and an early notice of allowance is respectfully requested.

Please charge any fees associated herewith, including extension of time fees, to Deposit Account No. 502117.

Respectfully submitted,

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